

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-479-WS - ORDER NO. 2012-547
JULY 17, 2012

IN RE:	Application of United Utility Companies,)	ORDER APPROVING
	Incorporated for Adjustment of Rates and)	SETTLEMENT
	Charges and Modification to Certain Terms)	AGREEMENT
	and Conditions for the Provision of Water)	
	and Sewer Service)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by Order of the Supreme Court of South Carolina (“Court”) dated January 21, 2012, remanding this case to the Commission so that the Commission may consider a proposed settlement that was reached between the parties of record in this matter while it was pending on appeal before the Court.

I. PRIOR PROCEEDINGS BEFORE THE COMMISSION

United Utility Companies, Inc. (“UUC” or the “Company”) is a Delaware corporation, authorized to do business in the State of South Carolina, and provides water and sewer service to the public for compensation in certain areas of South Carolina. UUC’s previously approved rates were set by the Commission in its Order No. 2004-254, issued May 12, 2004, in Docket No. 2000-210-W/S. UUC’s provision of utility service to its water and sewer customers in South Carolina is subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. §§ 58-5-10, *et. seq.* (1976, as amended).

On November 17, 2009, UUC filed with the Commission an Application for approval of a new schedule of rates and charges and modifications to certain terms and

conditions for the provision of water and sewer service. By its Application, UUC sought, *inter alia*, an increase in its annual revenues of \$431,016. By operation of S.C. Code Ann. § 58-4-10(B) (Supp. 2009), the South Carolina Office of Regulatory Staff (“ORS”) was a party of record in the proceeding. By Petition to Intervene filed January 13, 2010, North Greenville University (“NGU”) became a party of record.¹ No other person or entity intervened or was otherwise recognized as a party of record. After four local public hearings and a subsequent hearing conducted in the Commission’s hearing room on March 23, 2010, and March 24, 2010, the Commission took the Application under advisement and directed that the parties submit proposed orders. UUC’s proposed order provided for an increase in total annual revenues of \$292,904 and approval of its proposed modifications to certain terms and conditions of the company’s rate schedule. ORS’s proposed order provided for an increase in UUC’s annual water revenues of \$30,140, a denial of any increase in annual sewer revenues, and the acceptance of UUC’s proposed modification to certain terms and conditions of service with revisions sought by ORS. NGU’s proposed order provided for no increase in either water or sewer service revenues, but accepted certain of UUC’s proposed rate schedule language modifications.

On May 17, 2010, the Commission issued Order No. 2010-375, denying the Application in its entirety. Thereafter, UUC timely petitioned the Commission to rehear or reconsider the matter or, in the alternative, to approve a form of bond for purposes of permitting UUC to place rates into effect under bond pursuant to S.C. Code Ann. §58-5-240(D) (Supp. 2009). On August 12, 2010, the Commission issued Order No. 2010-543,

¹ A customer, Janet P. Marks, filed a petition to intervene *pro se*, but she advised the Commission at the hearing held in this matter on March 23, 2010, that she withdrew her intervention.

approving UUC's bond form. On March 4, 2011, the Commission issued Order No. 2011-75, denying UUC's petition for rehearing or reconsideration.²

II. UUC'S APPEAL TO THE SUPREME COURT

On April 8, 2011, UUC filed a Notice of Appeal from Commission Order Nos. 2010-375 and 2011-75 with the Court. While this appeal was pending, UUC, NGU and ORS arrived at a settlement, which was reflected in a Settlement Agreement dated January 12, 2012 ("Settlement Agreement") that was submitted to the Court with a motion that the matter be remanded to the Commission for consideration and approval of the Settlement Agreement. By Order dated January 31, 2012, the Court granted the parties' motion, held the UUC appeal in abeyance, and remanded the matter to the Commission for consideration of the proposed Settlement Agreement. Per the terms of the Court's Order, should the proposed Settlement Agreement not be approved by the Commission, the parties are required to so notify the Court so that UUC's appeal may continue.

III. THE SETTLEMENT AGREEMENT

On February 8, 2012, UUC filed the proposed Settlement Agreement with the Commission. The Settlement Agreement provides, *inter alia*, that UUC shall be allowed an increase in its rates which would allow it to earn additional total annual service revenues of \$150,263, with the revenue increase to water being \$30,043, and the increase to sewer being \$120,220. In addition, the Settlement Agreement provides that UUC will not file an application for another increase in its rates and charges before January 1, 2013,

² On January 12, 2012, UUC filed a bond in a form consistent with that approved in Order No. 2010-543 and therewith gave notice that it would place into effect rates under said bond in an amount not to exceed those specified in the bond form approved by Order No. 2010-543.

will not put into effect any such increase in rates before June 30, 2013, and will not increase beyond 299 the number of single family equivalents (SFEs) which apply to the sewer service it provides to NGU until January 1, 2013.³ Further, the Settlement Agreement provides that UUC may reflect on its books \$123,033 in additional rate case expenses amortized over five (5) years, but may not include this amount in rate base as part of this or any future proceeding. The Settlement Agreement further provides for (1) modifications to the UUC rate schedule in accordance with the terms of ORS's previously submitted proposed order in this matter, (2) a report by UUC to the Commission and ORS regarding iron sediment in the water system serving Trollingwood Subdivision and, if appropriate, additional flushing in that system, and (3) the performance on an least an annual basis of vacancy surveys by UUC which may not rely entirely on UUC's Customer Care & Billing system.

IV. PROCEEDINGS ON REMAND AT THE COMMISSION

The Commission issued its Order No. 2012-158 in this docket on February 22, 2012, directing its Staff to establish testimony pre-filing deadlines and schedule a hearing to consider the Settlement Agreement in this matter. By the same Order, the parties were directed to submit for the Commission's consideration "financial information adjusted for the settlement including, 'as adjusted' and 'after increase' amounts for operating revenue, operating expense, net income for return, rate base, interest expense, return on equity calculation, return on rate base calculation, and operating margin calculation." The

³ This limitation on SFEs chargeable to NGU does not, per the terms of the Settlement Agreement, prevent ORS from asserting that any revenues foregone by UUC as a result of the agreed limitation should be imputed to UUC for ratemaking purposes. Accordingly, the limitation on SFEs chargeable to NGU cannot negatively affect other customers as any revenue differential will be chargeable to UUC for ratemaking purposes.

parties were further directed by Order No. 2012-158 to include this information “prior to the hearing in pre-filed testimony and exhibits.” A Notice of Hearing and Pre-filed Testimony Deadlines was thereafter issued by the Commission Staff, which set a hearing on the Settlement Agreement for June 14, 2012. UUC and NGU thereafter submitted pre-filed testimony in support of the Settlement Agreement.

A public hearing was held before the Commission on June 14, 2012, at the Commission’s offices located at 101 Executive Center Drive, Columbia, South Carolina. No public witness appeared to testify at this hearing. UUC was represented by John M.S. Hoefer, Esquire. ORS was represented by Nanette S. Edwards, Esquire. NGU was represented by Duke K. McCall, Esquire. UUC presented the testimony of Steven M. Lubertozzi, CPA, its Executive Director of Regulatory Accounting and Affairs. By agreement of the parties, the verified testimony of NGU’s President, Dr. James B. Epting, was stipulated into the record.

The parties assert that the Settlement Agreement serves the public interest as defined by S.C. Code Ann. § 58-4-10(B)(1) (Supp. 2011) and that the settlement constitutes a fair, reasonable and full resolution of all issues in the docket. This assertion was supported in the testimonies of the two witnesses at the remand hearing. According to Exhibit 3 to the testimony of Mr. Lubertozzi, the additional annual service revenue of \$150,263 agreed to by the parties results in a return on equity of 6.64%, a return on rate base of 6.61%, and a resultant operating margin of 9.09%. Mr. Lubertozzi also testified that the rates placed into effect under bond by the Company on January 12, 2012, were the same as those set out in the rate schedule attached to the Settlement Agreement.

V. FINDINGS AND CONCLUSIONS

Based upon the evidence of record in this proceeding, and considering the additional testimony provided by the Company and NGU during the hearing on remand, we find that the rates agreed to by the parties as specified in the Settlement Agreement, which is hereby adopted and attached to this Order as Order Exhibit 1, are just and reasonable and that such rates allow UUC to continue to provide its customers with adequate water and wastewater service. The Commission finds that the witnesses offered by the parties offered satisfactory explanations and testified as to issues which were of concern to the Commission and provided the information required in Order No. 2012-158. The agreed upon rates will allow the Company to earn a positive return on its investment. See Settlement Hearing Exhibit No. 1, [SML Remand Exhibit No. 3].

Therefore, after review and reconsideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case, the testimony of the witnesses, and the representations of counsel, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and charges, and the Settlement Agreement should be, and is approved. The rates and charges contained in the rate schedule attached to the Settlement Agreement are hereby adopted and attached to this Order as Order Exhibit 1. Similarly, the modifications to the terms and conditions of service set out in the Settlement Agreement, which are consistent with those initially proposed by ORS, are found to be just and reasonable and are also adopted as reflected in Order Exhibit 1. Finally, we approve the other terms and conditions of the Settlement

Agreement including (a) the moratorium on a new rate application by UUC until January 1, 2013; (b) the requirement that any general rate increase by UUC not become effective until after June 30, 2013; (c) the limitation to 299 of the number of SFEs attributable to sewer service charges imposed upon NGU until January 1, 2013; (d) the limitation that UUC not be permitted to include in rate base its additional rate case expenses of \$123,033 that are allowed to be amortized on its books over a five year period; (e) the requirement that UUC conduct vacancy surveys at least annually which do not rely solely on Customer Care and Billing; and (f) the requirement that UUC conduct, and report to the Commission and ORS the results, of iron testing in the Trollingwood system and conduct additional flushing in that system to the extent necessary. Because the rates placed into effect under bond by UUC are the same as those adopted by the Settlement Agreement, and therefore the same as those set out in Order Exhibit 1, no refund is required. *Cf.*, S.C. Code Ann. §58-5-240(D).

Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 9.09%. See S.C. Code Ann. § 58-5-240(H).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, including attachments and attached hereto as Order Exhibit 1, is incorporated into and made a part of this Order by reference, and the Settlement Agreement is approved.

2. The proposed rates contained in the Settlement Agreement have been entered into the record of this case without objection. We find that the schedule of rates

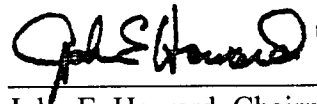
and charges and terms and conditions attached hereto as part of Order Exhibit 1 is both just and reasonable and will allow the Company to continue to provide its customers with adequate water and wastewater services.

3. The schedule of rates and charges attached hereto as part of Order Exhibit 1 is approved for service rendered on or after the date of this Order.

4. A 6.64% rate of return on equity, a 6.61% return on rate base, and an operating margin of 9.09% are approved for UUC.

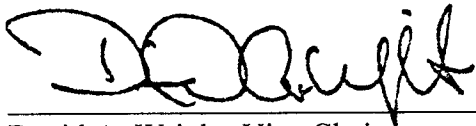
5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman

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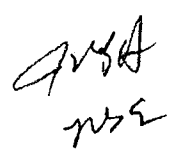
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NOW, THEREFORE, the Parties hereby jointly propose the following terms of settlement which, if adopted by Commission Order, will address all issues arising from the above-captioned docket currently on appeal:

1. **Moratorium.** UUC agrees that it will not file an application for rate relief with the Commission for a rate increase in its water or sewer rates until after January 1, 2013 and acknowledges that any such application may only be made to the Commission.

2. **Revenue requirement.** UUC, NGU, and ORS agree that the combined revenue increase for water and sewer is \$150,263. The revenue increase for water is \$30,043 and \$120,220 for sewer. The rates permitting UUC to earn an additional \$150,263 annually are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

3. **Provisions affecting NGU.** (i) UUC shall bill NGU based on 299 SFEs, equivalent to the sum of \$15,997.00 per month effective December 1, 2011 with the understanding that this monthly amount will not be increased further until after June 30, 2013, and NGU accepts the amount of 299 SFEs and to pay the sewer charge on that basis with the understanding that the 299 SFEs will not be increased until after December 31, 2012; (ii) all past claims, issues, disputes, or matters which could be claimed or disputed by or among UUC and NGU regarding this matter are null and void and dismissed with prejudice; (iii) neither NGU nor UUC, their successors, assigns or subsidiaries will seek any retroactive charges, actions, or claims against each other arising out of their relationship with each other which now exist or may occur between the date of this settlement and January 1, 2013; and (iv) UUC and NGU expressly waive all claims which exist or may exist or be incurred prior to January 1, 2013, against the

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other party to this agreement, its successors, subsidiaries or assigns, and this restriction shall apply to any and all claims, charges, actions which could be asserted through January 1, 2013.

4. **Rate case expenses.** No additional rate case expenses shall apply to rate base. The Company may amortize over five years the rate case expenses of \$123,033 recommended by ORS at hearing. Any additional rate case expenses may be carried on UUC's books and amortized over a five year period, but in no event shall such additional rate case expenses be included in rate base as a part of this proceeding or any future proceeding.

5. **Tariff Modifications.** The tariff modifications as set forth in ORS's proposed order, other than the monthly service rates, shall apply and are set forth in Exhibit 1 (Schedule of Rates and Charges) to this Agreement.

6. **Reporting.** A report regarding the iron sediment in Trollingwood shall be provided to the Commission and ORS; if appropriate, the company shall conduct additional flushing.

7. **Vacancy surveys.** Vacancy surveys that are not entirely reliant on Customer Care & Billing ("CC&B") shall be conducted at least annually by UUC, beginning on the first anniversary of a Commission order approving this Agreement, and the results reported to ORS and the Commission.

8. Regarding Paragraph 3 above wherein UUC and NGU have agreed that NGU will be billed based on 299 SFE's, ORS is not prohibited in any future rate case, to impute or make recommendations that would effectively impute additional SFE's, based upon the results of ORS's audit and examination.

9. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The Settlement Agreement reached among the Parties serves the public interest as defined above.

10. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

11. If this Settlement Agreement is approved by the Commission, UUC agrees to dismiss with prejudice its appeal. If the Commission should decline to approve the Agreement in its entirety, then any Party desiring to do so may withdraw from the Agreement without penalty or obligation.

12. Except as otherwise expressly provided herein, the Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions

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held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings.

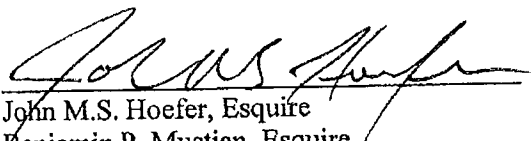
13. The Agreement shall be interpreted according to South Carolina law.

14. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES FOLLOW]

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Representing United Utility Companies, Inc.



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Benjamin P. Mustian, Esquire

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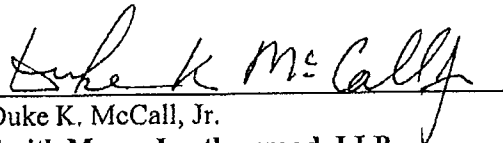
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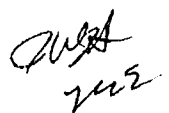
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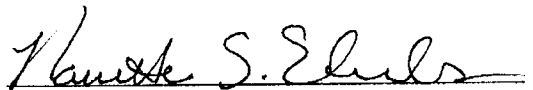
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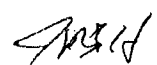
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Date: January____, 2012

Exhibit 1
UNITED UTILITY COMPANIES, INC.

WATER

1. Monthly Charges

Residential –

Monthly charge per single-family house, condominium, mobile home or apartment unit:

Basic Facilities Charge	\$15.18 per unit
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial

Basic Facilities Charge	\$15.18 per SFE
Commodity Charge	\$7.79 per 1,000 gallons or 134 cft.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-Recurring Charges

A) Water service connection charge per single-family equivalent*	\$100.00
B) Plant Impact fee per single-family equivalent*	\$400.00

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Exhibit 1
UNITED UTILITY COMPANIES, INC.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge - for new customers only. \$25.00
- b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Cross Connection Inspection

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F (Supp. 2008), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. If a customer fails to comply with the requirement to perform annual inspections, the utility may, after 30 days' written notice, disconnect water service. The Utility shall provide affected customers with an advanced annual notification of such certification requirement.

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7. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-732.2 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

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SEWER

1. Monthly Charges

Residential –

Monthly charge per single-family
house, condominium, villa,
or apartment unit:

\$53.50 per unit

Mobile Homes - monthly charge

\$39.46 per unit

Commercial - monthly charge
per single-family equivalent*

\$53.50

Charge for Sewage Collection Service Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential - monthly charge per
single-family house, condominium,
mobile home, or apartment unit

\$27.35 per unit

Commercial - monthly charge per
single-family equivalent*

\$27.35

The Utility will also charge for treatment services provided by the government body or agency or other entity. The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rate basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted

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Exhibit 1
UNITED UTILITY COMPANIES, INC.

service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-recurring Charges

A) Sewer service connection charge per single-family equivalent* \$100.00

B) Plant Impact fee per single-family equivalent* \$400.00

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of six dollars (\$6.00) shall be charged each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b. Customer Account Charge: A fee of twenty-five dollars (\$25.00) shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnection service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

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Exhibit 1
UNITED UTILITY COMPANIES, INC.

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

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_____, Order No. 2012-_____
Date: January____, 2012

Exhibit 1
UNITED UTILITY COMPANIES, INC.

6. Electronic Billing and Electronic Payment

If requested by the customer in writing and within the capability of the Utility, the Utility may, in lieu of mailing a paper copy, provide an electronic bill to the customer on the Utility's website. The electronic bill shall contain the same content and be presented in the same or a similar format as a bill delivered to the customer pursuant to Commission Rule R. 103-532.1 (Supp. 2008) as may be amended from time to time. Late payment charges will not be triggered until twenty-five (25) days after the Utility issues the electronic bill and it leaves the control of the Utility or its billing agent. The Utility must provide notice to the customer that the bill form is available for review within twenty-four of its issuance and the web address of its location.

7. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the utility for all damages and costs, including reasonable attorney's fees, incurred by the utility as a result thereof.

8. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

9. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its sewer system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the

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serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities - 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2008), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

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